

Town of Frederick Board of Trustees



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AM 2009-086

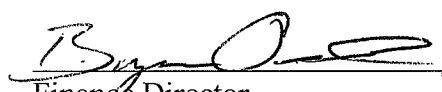
TO APPROVE A LEASE AGREEMENT WITH MICHAEL AND SANDRA HALLECK FOR THE TOWN'S USE OF VACANT LOTS ADJACENT TO THE PUBLIC WORKS BUILDING

Agenda Date: Town Board Meeting – September 8, 2009

Attachments:

- a. Proposed Lease Agreement including Ex A - vicinity map
- b. Letter to Mr. Michael E. Halleck dated April 22, 2008

Fiscal Note: The monthly rate proposed by Halleck is \$1,317 per month


Finance Director *Assistant Finance Dir.*

Submitted by: Richard Leffler, P.E. 
Town Engineer

Approved for Presentation: 
Town Administrator

AV Use Anticipated Projector _____ Laptop _____

Certification of Board Approval:

Town Clerk

Date

Summary Statement:

The Town has for many years used property that the Town does not own located to the north and east of the Town Public Works Shop. This vacant property is owned by Michael E. and Sandra S. Halleck (Halleck) who have verbally consented to the Town's use of the property in the past. They would like to formalize this arrangement. The attached lease agreement sets forth the terms of the Town's continued use of a portion of the Halleck property. This item has been scheduled for consideration at previous board meetings but pulled to work on the lease language.

Detail of Issue/Request:

The Town of Frederick purchased Lot 9 of Halleck Subdivision in March of 1999 and purchased an additional parcel of land described as Lot 7A plus the western 15 feet of Lot 8 in July of 2002. The Town's Public Works Shop is located on this land along with material and equipment stored north of the building. Some of the Town's material and equipment extends north onto vacant property (Lots 5 and 6) which is owned by Halleck. The Town also has used vacant Halleck property to the east of the Shop building (Lots 1, 7 and 8) for the Town's annual clean-up day activities. Halleck has consented to the Town's continued use of a portion of Lots 5 and 6 as long as they have no need for the land or are not in the process of selling or developing the property. However, Halleck would like to formalize this use in an agreement that would indemnify them from liability resulting from the Town's use of the property and has requested payment of \$1,317 per month. There has been no charge for the Town's use of the property in the past. The Public Works Department needs more than the Town owned space to continue current operations and leasing the proposed area would allow some room for expansion at the present site.

There were certain commitments made by the Town at the time the property for the shop building was purchased from Halleck. One of these commitments was that the Town would prepare and process a replat to reconfigure the parcels purchased by the Town and the remaining parcels owned by Halleck as specific lots with access roads that could serve this area. The attached letter to Mr. Michael E. Halleck dated April 22, 2008, was presented to the Board for review in May 2008. The items discussed in the letter are separate from the lease agreement under consideration but related to the Town's use of this property. The letter explains in more detail staff's proposed access to this area along with clarification of how storm drainage, sidewalks and associated improvements would be handled. The commitments discussed in the letter were confirmed by staff through review of previous correspondence and discussions with Town staff involved in the Town's purchase of the land.

Staff has contacted three parties who are involved in leasing commercial and industrial land to determine the market value for leasing similar land. The \$1,317 per month for this lease appears to be on the higher end of the range, which varies considerably depending on location and potential uses, although there were no recent comparables in our area. The attached lease agreement formalizes the Town's continued use of a portion of Lots 5 and 6 as shown on Exhibit A.

Legal/Political Considerations:

The attached Lease Agreement was drafted by the Town Attorney's office based on input from staff and Halleck.

Alternatives/Options:

Not enter into a lease with Halleck Holdings, LLC and discontinue the use of the property in question. It is staff's opinion that it would be beneficial to the Town to enter into the lease and to clarify this arrangement.

Financial Considerations:

These lease payments were not anticipated at the time the 2009 budget was prepared. Since most of the leased land is used for street related material and equipment it is proposed that the lease payments for 2009, if approved, would be paid using money budgeted in the construction line item of the Street and Alley Funds.

Staff Recommendation:

Approve the attached Lease Agreement with Michael E. and Sandra S. Halleck and authorize the Mayor to sign the lease.